

PREPARED DIRECT TESTIMONY
OF
SANDRA L. ISBELL
ON BEHALF OF
CENTRAL ILLINOIS LIGHT COMPANY
DOCKET NO. 00-0579

ILLINOIS
COMMERCE COMMISSION
OCT 5 11 17 AM '00
CHIEF CLERK'S OFFICE

1 Q1: Please state your name and business address.

2 A1: My name is Sandra L. Isbell, and my business address is 300 Liberty Street,
3 Peoria, Illinois 61602.

4 Q2: What is your position with Central Illinois Light Company?

5 A2: I am the Fuel Analyst – Material Handling. I report to the Team Lead – Material
6 Handling Unit. My primary responsibilities in 1999 were to procure all energy-
7 producing fuels (excluding natural gas) and the transportation of these fuels for
8 CILCO's E. D. Edwards Station. I am familiar with the fuel and transportation
9 contracts and policies at CILCO's Duck Creek Station.

10 Q3: What is your educational background and work experience?

11 A3: I am a graduate of University of Illinois - Springfield with a Bachelor of Arts
12 degree in Management. I have been part of the Fuels Department since 1985. I
13 have held positions as Traffic Administrator, Sr. Fuel Administrator, and as of
14 July 1999, Fuel Analyst.

15 Q4: Please explain the purpose and scope of your testimony in this proceeding.

16 A4: On July 31, 2000, CILCO filed with the Illinois Commerce Commission a
17 proposal to eliminate its electric fuel adjustment clause pursuant to Section 9-
18 220(d) of the Public Utility Act (220 ILCS 5/9-220(d)). As required by Section 9-

19 220(d), information showing both a twelve month historical period and the
20 twelve-month projected period that CILCO used as the basis of its filing was
21 submitted to the ICC. The purpose of my testimony is to present the fuel,
22 transportation, sulfur emission allowance pricing, and the fuel blends used in the
23 formulation of the filing.

24 Q5: Have schedules been prepared to which you will be referring in your testimony?

25 A5: Yes. I will sponsor CILCO Exhibit 2.1.

26 Q6: Please describe the contents of CILCO Exhibit 2.1.

27 A6: The tables in CILCO Exhibit 2.1 list the coal, freight, oil, limestone, fuel oil
28 prices, and fuel blends of each of the coal generating units used in the formulation
29 of the twelve-month historical and twelve-month projected period that CILCO
30 used as the basis of the filing.

31 TABLE A lists the current pricing of the fixed-price coal and transportation
32 contracts as of 07/14/00. The Crown and Turris-DC coal and freight, SO₂
33 Allowances (emission allowances), and fuel oil price reflect the projected 2000
34 average cost.

35 TABLE B reflects the projected 2001 suppliers and pricing.

36 TABLE C details the fueling blend for each of the coal generating units utilized in
37 the year 2000. The table also includes the 2001 projected fuel mix used in the
38 formulation of the twelve-month projected period the filing was based upon.

39 Q7: Please detail the 2001 pricing adjustments and the basis for these adjustments.

40 A7: The pricing adjustments and the basis for the adjustments are set forth in the table
41 below and in the explanation following the table:

	<u>Coal</u>	<u>Freight</u>
42 Consol	1.9%	14.4%
43 Crown	(7.0%)	3.0%
44 Turris-DC	5.0%	0.0%
45		
46 Fuel Oil	10.0%	
47 SO ₂ Allowances	0%	
48 Limestone	3.3%	

49 The Consol coal escalation reflects a projection of a 1.4% increase in the Producer
50 Price Index for coal. An additional .05% increase was included to reflect
51 projected market pressure resulting from the limited number of Illinois mid-sulfur
52 coal suppliers.

53 The freight component of the Consol coal was derived from an estimated blended
54 price from two railroads. If Consol supplied 100% of Edwards station's
55 requirements, two railroads would be employed to ensure service and volume.
56 One of the railroads would require an interchange with a short-line local railroad,
57 constituting a two-line, and potentially more expensive, haul.

58 Crown coal was deescalated in 2001 to reflect fulfillment of a contract
59 undercharge. The freight rate reflects an existing fixed contract rate.

60 The Turris-DC rate reflects a contract rate in 2001, as opposed to a spot rate in

61 2000. The actual 2000 freight rate was assumed to be inflated due to the current
62 high fuel prices. Therefore, no increases were projected for 2001.

63 Fuel oil was escalated to reflect the current upswing of the market prices.

64 Sulfur Emission Allowance prices reflect the averaged input of three allowance
65 brokers and their perception of the 2001 allowance market.

66 Limestone prices reflect fixed 2001 contract prices.

67 Q8: Ms. Isbell does this conclude your prepared direct testimony?

68 A8: Yes, it does.